

2017-2018 PROPOSED BUDGET DISCUSSION

Finance Department

June 21, 2016



2017-2018 Proposed Budget

City of Wichita, Kansas | www.wichita.gov

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Calendar

- June 14 - Social Media Town Hall
- July - Staff present at DABs
- July 12 - City Manager presents budget
- August 2 - Public hearing
- August 9 - City Council adopts budget

Social Media Town Hall

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- Staff held this event on June 14th
- Metrics continue to climb: currently 193,826 page views; 1,073 reactions; 593 comments

Social Media Town Hall

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- Traffic signal timing - most feedback strongly supported changes and focused on specific locations
- Street sweeping - comments focused on quality issues and awareness of efforts
- Animal control - comments mostly about specific experiences

Social Media Town Hall

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- Transit - Comments reflected a wide variety of constructive feedback on a number of issues
- Library - Feedback focused on hours of service and programming ideas
- Park Improvements – comments provided feedback on how to make our parks better

General Fund Overview

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- Many revenues performing as expected
- Continued widening of growth rates between expenditures and revenues
- Franchise fees are weather dependent and commodity price dependent
- Expenditure pressure in two areas: street lighting and park mowing

General Fund Revenues

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	2015 Actual	2016 Adopted	2016 Revised	2017 Proposed	2018 Projected
Revenue	\$218.8	\$227.2	\$225.3	\$230.3	\$236.1

(\$ in millions)

2016 Revised

- Franchise fees expected to be \$2.7 million lower
- Gas tax slightly higher
- Property tax, sales tax and motor vehicle tax all performing as expected

Initial General Fund Review

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	2015 Actual	2016 Adopted	2016 Revised	2017 Proposed	2018 Projected
Revenue	\$218.8	\$227.2	\$225.3	\$230.3	\$236.1
Expenditures	\$217.9	\$227.2	\$225.3	\$231.6	\$239.2
Deficit (Surplus)	\$0.9	\$0.0	\$0.0	(\$1.3)	(\$3.1)

(\$ in millions)

- Increased park mowing and street lighting costs
- Additional Library costs and EMCU Detective
- Lower fuel prices and worker's compensation rates

Balancing the General Fund

	2015 Actual	2016 Adopted	2016 Revised	2017 Proposed	2018 Projected
Deficit (Surplus)	\$0.9	\$0.0	\$0.0	(\$1.3)	(\$3.1)

(\$ in millions)

- Increased Court diversion fees
- Library expenditure adjustments
- Expanded Transient Guest Tax funding
- Addition of three Police Officer positions
- Enhanced traffic enforcement outcomes
- Increased Public Works administrative cost allocation

Balancing the General Fund

	2015 Actual	2016 Adopted	2016 Revised	2017 Proposed	2018 Projected
Deficit (Surplus)	\$0.9	\$0.0	\$0.0	(\$1.3)	(\$3.1)

(\$ in millions)

- Planning staff re-alignment
- Closing maintenance intensive pool
- Asset sales
- Review of user and license fees
- Strategic review of all City services

General Fund Estimates

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	2016 Revised	2017 Proposed	2018 Projected
Revenue	\$225.1	\$230.7	\$237.4
Expenditures	\$225.1	\$230.7	\$237.4
Deficit (Surplus)	\$0.0	\$0.0	\$0.0

(\$ in millions)

Position Changes

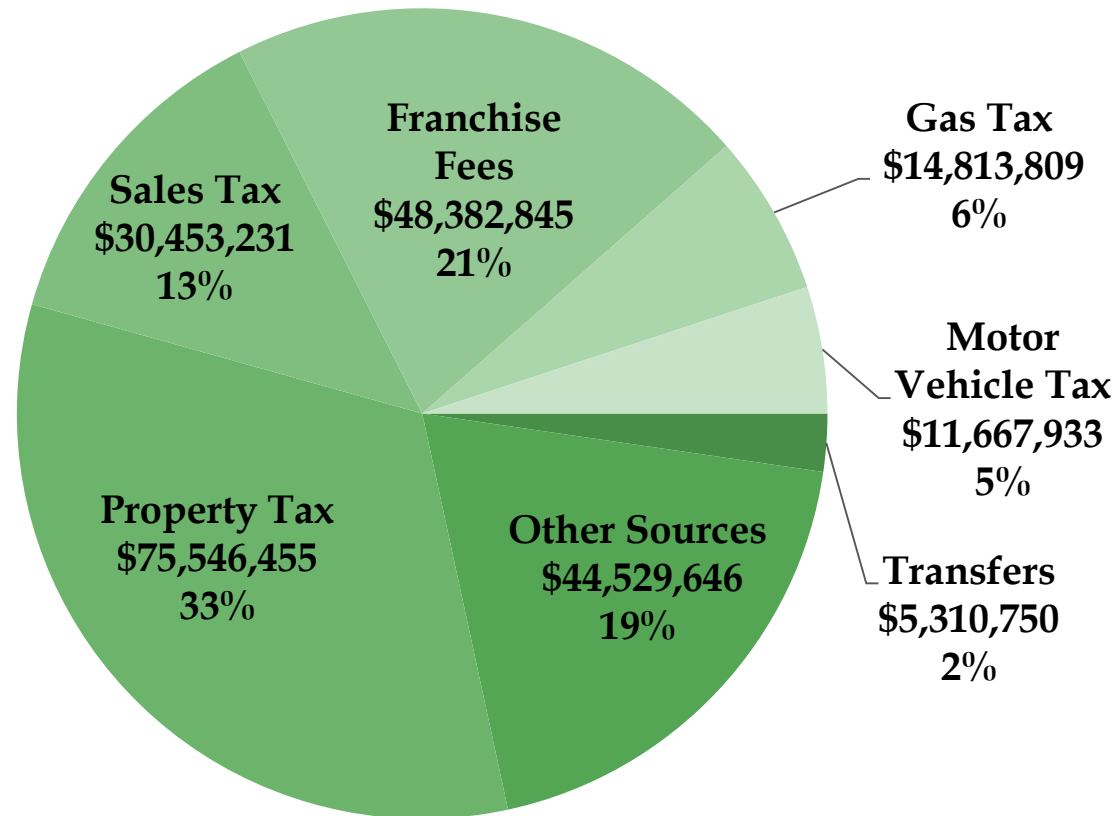
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Department		2016 Revised	2017 Proposed
Airport	New baggage handling service agreement		4.0
City Manager	Art Museum positions	(4.0)	
Fire	SAFER grant expiration		(6.0)
Law	Victims' rights services	2.0	
Police	Body worn camera implementation	7.0	
Public Works	Landfill management	9.0	
Public Works	Water meter reorganization	(4.5)	

General Fund

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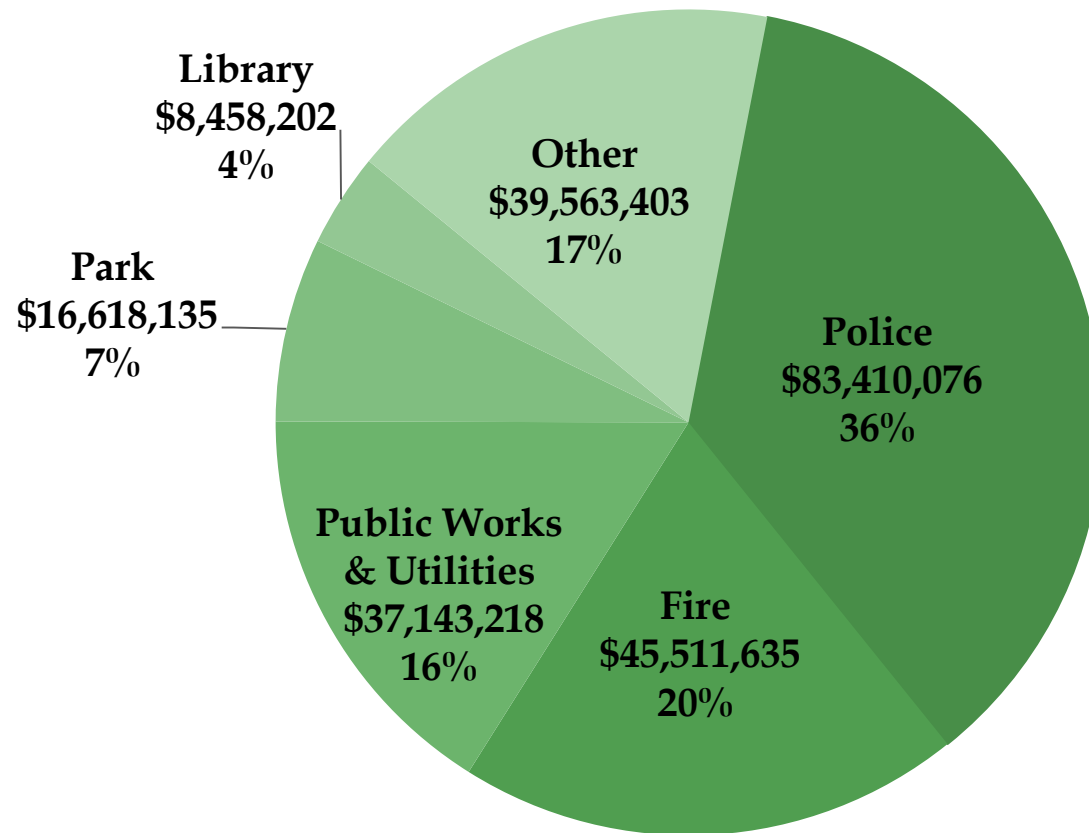
Where City of Wichita Dollars Come From
GENERAL FUND 2017 PROPOSED, \$230,704,669



General Fund

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Where City of Wichita Dollars Go
GENERAL FUND 2017 PROPOSED, \$230,704,669



SSMID

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- City Council levies taxes on behalf of the SSMID
- SSMID has requested additional expenditures to prepare for 2018 NCAA Tournament
- Proposed taxes levied for SSMID would require a 1 mill increase in the SSMID levy (from 6.1 to 7.1 mills)

Planning Fund

- MAPD has reorganized and will hold positions vacant
- The Planning Fund is expected to be sustainable with shared contributions at a lower level than last year

	2015 Actual	2016 Adopted	2016 Revised	2017 Proposed	2018 Projected
City	\$666,476	\$740,341	\$708,457	\$628,635	\$646,023
County	\$666,476	\$740,341	\$584,858	\$628,635	\$646,023

Golf Fund

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- Revenues are weather dependent; industry demand is down
- Fund is operationally sustainable
- Fund has no debt, but owes the City \$5.7 million
- Capital needs have been deferred for years and need to be addressed

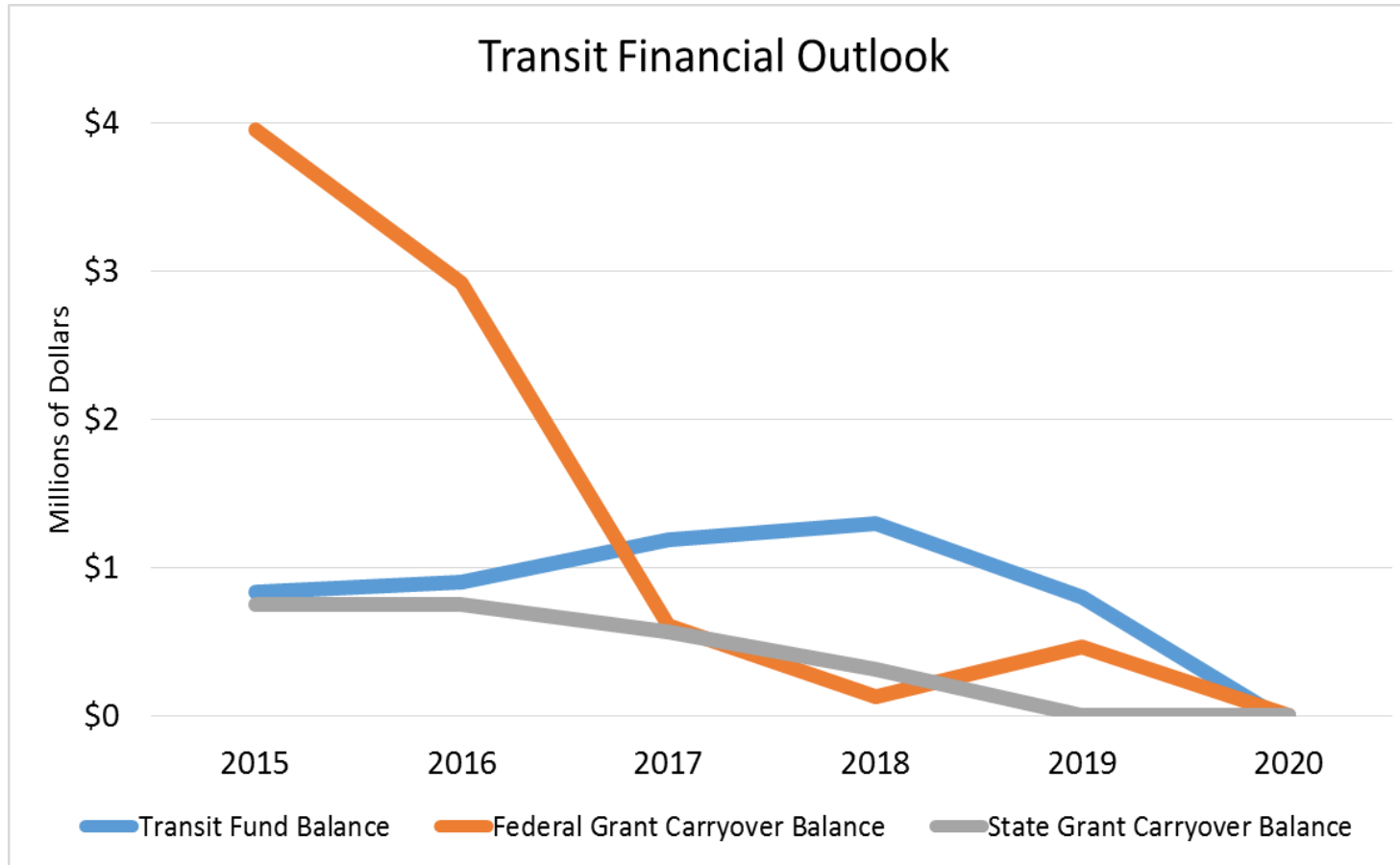
Transit Fund

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- Transit should be sustainable through 2019
- Fuel price continues to be favorable through 2016
- Future variables: Farebox revenue, fuel, grant awards
- Assumes the drawdown of carryforward balances

Transit Fund

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- Sustainable by eroding fund balances
- No funding for additional capital costs beginning in 2020
- Limited margin of error for unexpected issues

Longer Term View

- Tax lid impact on growth
- Growth trends in revenues
- Expenditure trends: pension, fuel, health, wages
- Impact of a recession on revenues

2017 Tax Lid Impact

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- Growth from new construction is exempt
- No penalty for losses in personal property
- State uses prior year (2016) CPI rate (0.125%)
- Re-appraisal growth limited to CPI
- Notification of vote is required if cap is exceeded

2017 Tax Lid Impact

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	Estimated	Additional Revenue	Tax Lid	Additional Revenue
New Construction	1.7%	\$1,275,000	1.7%	\$1,275,000
Personal Property	(0.7%)	(\$525,000)		
Re-appraisal	1.0%	\$750,000	0.125%	\$93,750
Total Tax Lid	2.0%	\$1,500,000	1.825%	\$1,368,750
Tax Lid Impact				\$131,250

Note: The annual property revenue based is \$75 million.

2018 Potential Tax Lid Impact

- Growth due to new construction is exempt
- Other growth is capped at 5 year average CPI
- Potential revenue impact is the spread between re-appraisal growth and the 5 year lookback CPI

2018 Tax Lid Impact

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	Estimated	Additional Revenue	Tax Lid	Additional Revenue
New Construction	1.8%	\$1,350,000	1.8%	\$1,350,000
Personal Property	(0.3%)	(\$225,000)		
Re-appraisal	1.5%	\$1,125,000	1.2%	\$900,000
Total Tax Lid		\$2,250,000		\$2,250,000
Tax Lid Impact				\$0

Note: The annual property revenue based is \$75 million.

Potential Tax Lid Impact

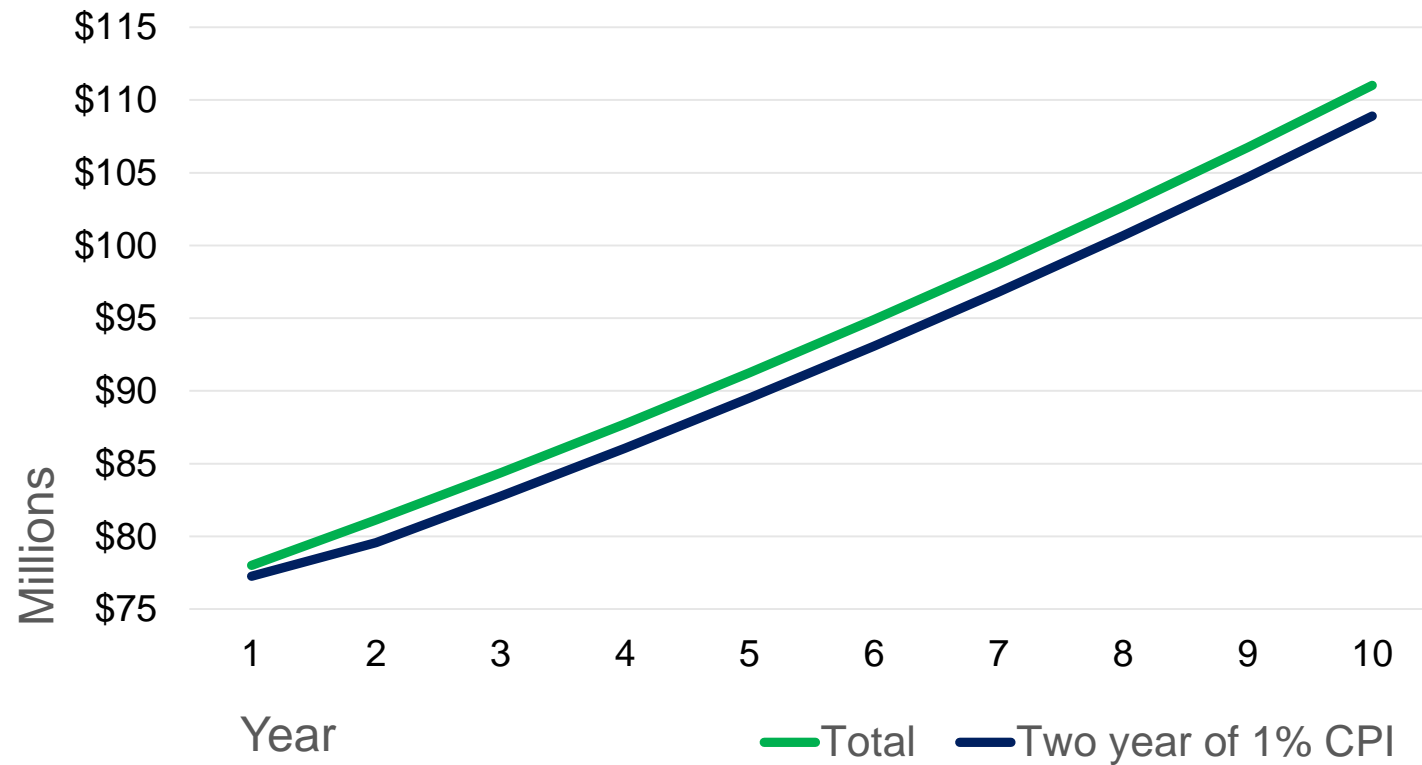
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	Estimated	Additional Revenue	Tax Lid	Additional Revenue
New Construction	2.0%	\$1,500,000	2.0%	\$1,500,000
Personal Property	(0.3%)	(\$225,000)		
Re-appraisal	2.0%	\$1,500,000	1.0%	\$750,000
Total Tax Lid		\$2,775,000		\$2,250,000
Tax Lid Impact				\$525,000

Note: The annual property tax revenue based is \$75 million.

Potential Tax Lid Impact

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- Assumed cap impact of 1% in years 1 and 2 equals \$17 million over 10 years.

Revenue Growth Trends

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- Property Tax (33%) - 0% - 3%
- Franchise Fees (21%) - 3%
- Sales Tax (13%) - 3%
- Gas Tax (6%) - 0% - 1%
- Other (27%) - 0% - 2%

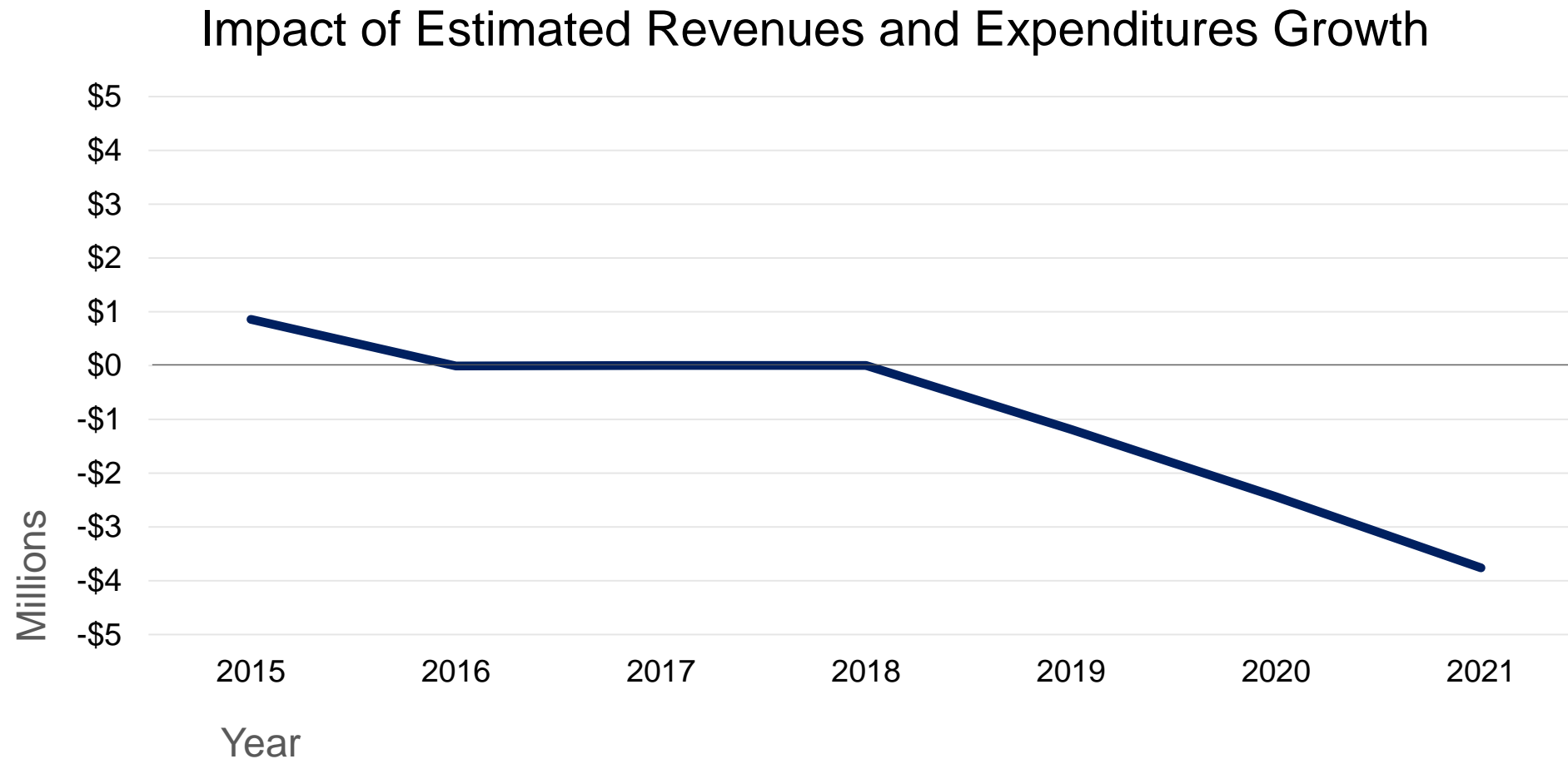
Expenditure Growth Trends

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- Health insurance (11%) - 8%
- Base wages (54%) - 3%
- Pension (8%) - 3%
- Fuel (1%) - varies
- Everything else (26%) - 1% – 2%

Longer Term

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Longer Term View

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- Differing growth rates
- Potential tax lid issues
- Recessionary concerns

Next Steps

- Staff expect a balanced budget in 2016 and 2017
- Strategic programmatic review of City services
- Systematic fee and license review

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2017-2018

**Proposed
Budget**

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